

Fiscal Note

State of Alaska
2025 Legislative Session

Bill Version: SB 129
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB129-DCCED-DAS-03-28-25
Title: PAYMENT OF CONTRACTS
Sponsor: KAWASAKI
Requester: SENATE COMMUNITY AND REGIONAL AFFAIRS

Department: Department of Commerce, Community and
Economic Development
Appropriation: Executive Administration
Allocation: Administrative Services
OMB Component Number: 1028

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time	***		***	***	***	***	***
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)	(57.0)		(57.0)	(57.0)	(57.0)	(57.0)	(57.0)
Total	(57.0)	0.0	(57.0)	(57.0)	(57.0)	(57.0)	(57.0)

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2026) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Agency: Department of Commerce, Community, and Economic Development

Phone: (907)465-5533
Date: 03/29/2025
Date: 03/29/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. SB 129

Analysis

This bill establishes a 30-calendar-day deadline for the payments of contracts under the State Procurement Code and for the payment of grants, contracts, and reimbursement agreements to nonprofit organizations, municipalities, and Alaska Native Organizations. It also sets a 21-calendar-day deadline for payments to grantees that paid with federal funds. It establishes procedures for payment and non-payment to the contractor and grantee. Additionally, it sets a requirement to pay interest, equal to the rate set out in AS 45.45.010(a), to the contractor or grantee if the deadline isn't met.

The Department of Commerce, Community, and Economic Development (DCCED) anticipates fiscal impact from this legislation, but cannot accurately estimate the impact at this time. It is always DCCED's intention to pay contracts, grants, and reimbursement agreements in a timely manner and work closely with contractors and grantees to meet appropriate timelines and compliance for payment. In addition to contractual expenditures in the operating budget, the department administers hundreds of grants in any given fiscal year. However, the department cannot predict how many payments for grants and contracts will be made outside of the proposed statutory requirements in this legislation, and therefore cannot accurately impact the amount of interest that would be paid. General funds would be required to support any accrued interest. Because the amount of interest cannot be calculated at this time, the amount of personal services support required to meet the tracking and payment requirements in this legislation cannot be accurately estimated at this time.

This legislation requires the department to advance 20% of new grants under AS 37.05.316, grants to named recipients, to grantees within 10 days of the effective date. The vast majority of grants made under AS 37.05.316 are from the general fund. Currently, grantees can request advances of their grants; however, most grants are administered on a reimbursable basis after grantees submit expenditures. As a result, most grants do not have expenditures in the first month, and some do not have expenditures until the end of the first quarter. Changes in revenue projected in this fiscal note are based on grant activity appropriated in FY2025 and the GeFONSI projected long term return rate of 2.38% annually. Based on FY2025 grants under AS 37.05.316, if all were advanced at 20% of the award amount instead of after the first quarter, the general fund would experience a loss of interest earnings of \$19.0 per month or \$57.0 in the first quarter. The amount of grants is variable year to year, but is projected based on FY2025 grant amounts.